

Message Text

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PAGE 01 KUWAIT 03553 250736Z

10

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 FEA-02 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

PRS-01 USIA-15 DRC-01 /193 W
----- 052837

R 250655Z AUG 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0652

INFO AMEMBASSY ABU DHABI

USMISSION EC BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3553

DEPT PASS CIEP AND TREASURY

DEPT PASS OTHER ADDRESSEES AS REQUIRED

FROM EMBASSY DOHA

EO 11652: GDS

TAGS: ENRG QA

SUBJ: CIEP STUDY ON FOREIGN DIRECT INVESTMENT

REF: KUWAIT 3320 AND 3498; STATE 178868

1. BECAUSE OF DOHA'S PRESENT LACK OF ITS OWN
COMMUNICATIONS FACILITIES, STATE REFTEL RECEIVED AUG 21 AND
REPLY NOT (RPT NOT) POSSIBLE BEFORE AUG 25.

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PAGE 02 KUWAIT 03553 250736Z

2. KUWAIT 3320 REPORTED GOVT OF QATAR POLICY DECISION TO

DIVERSIFY INVESTMENT OF ITS FINANCIAL RESERVES, INCLUDING
POSSIBILITY OF DIRECT INVESTMENT IN US.

3. BASED ON OUR LIMITED EXPERIENCE, WE BELIEVE GOQ WOULD
REACT POSITIVELY TO US MORE ACTIVELY PROMOTING FOREIGN DIRECT
INVESTMENT, IF SUCH PROMOTION DONE IN LOW-KEY MANNER. SINCE
PLACING OF INVESTMENTS OF SURPLUS OIL REVENUES IS REGARDED
BY GOQ AS HIGHLY SENSITIVE STATE SECRET, PROMOTION OF INCREASED
DIRECT INVESTMENT IN U.S. WOULD HAVE TO BE MOST DISCREET.
ON OTHER HAND, IF WE WERE TO RESTRICT SUCH INVESTMENT, QATARIS
WOULD BE PUT OFF SINCE THEY HAVE JUST DECIDED THIS COULD BE
A GOOD THING. THEY WOULD ALSO BE PUZZLUED BY SUCH US ACTION
IN VIEW OF OUR UP-TO-NOW PUBLIC POSTURE OF GENERALLY EN-
COURAGING RECYCLING OF SURPLUS OIL REVENUES IN GENERAL, AND
TO US IN PARTICULAR.

4. RE EFFECT OF ANY ALTERATION IN US POLICY ON DIRECT IN-
VESTMENT ON VOLUME OF OIL PRODUCTION AND EXPORTS TO US, EXPORTS
ARE IRRELEVANT SINCE LITTLE OR NO QATARI OIL AT PRESENT GOES
TO US. RE PRODUCTION, QATARIS HAVE ALREADY IMPOSED RESTRICTIONS
TO CONSERVE THEIR SOLE RESOURCE, AND APPEAR DETERMINED TO
GET HIGHEST POSSIBLE PRICE WHILE GETTING IS GOOD FOR THE SAME
REASON. WE DO NOT (RPT NOT) PERCEIVE THAT US DIRECT INVESTMENT
POLICY WILL HAVE MUCH IMPACT ON THESE QATARI ATTITUDES UNLESS,
AS POINTED OUT IN KUWAIT 3498, US CAN INSTITUTE CREDIBLE MEASURES
TO PROTECT INVESTMENT VALUES AGAINST INFLATION.
STOLTZFUS

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NNN

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30 JUN 2005

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